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WASHINGTON, D. C. 20006

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800 NORTH THIRD STREET
HARRISBURG, PA. 17102
(717) 233-7947

RECORDATION NO. 9630-*F* FILED 1025

RECORDATION NO. 9630-*C* FILED 1025

OCT 30 1980 - 12 15 PM

INTERSTATE COMMERCE COMMISSION

OCT 30 1980 - 12 15 PM

October 30, 1980

INTERSTATE COMMERCE COMMISSION

Agatha L. Mergenovich, Secretary
Interstate Commerce Commission
12th and Constitution Avenue, N.W.
Washington, D.C. 20423

10/30/80

110

RECORDATION NO. 9630-*D* FILED 1025

OCT 30 1980 - 12 15 PM

INTERSTATE COMMERCE COMMISSION

Dear Secretary Mergenovich:

Pursuant to 49 U.S.C. §11303 and the Commission's rules and regulations, I enclose for filing and recordation four copies of the following documents:

- (1) Loan Modification and Moratorium Agreement dated October 17, 1980, and revised October 28, 1980, between American Security Bank, N.A. and Girard Leasing Corporation;
- (2) Three Security Agreements respectively dated August 14, 1978, August 28, 1978, and September 7, 1978, between American Security Bank, N.A. and Girard Leasing Corporation; and
- (3) Three Assignment of Lease agreements respectively dated August 14, 1978, August 28, 1978, and September 7, 1978, between Girard Leasing Corporation and American Security Bank, N.A.

These documents relate to boxcars subject to an Equipment Lease Agreement between Girard Leasing Corporation (lessor) and National Railway Utilization Corporation/Pickens Railroad Company (co-lessees) filed with the Commission on August 8, 1978 at 10:25 A.M. and assigned recordation number 9630. That Equipment Lease Agreement was supplemented by two Rental Schedules filed with the Commission on August 21, 1978 at 9:00 A.M. and on August 30, 1978 at 9:25 A.M. and assigned recordation numbers 9630A and 9630B.

Deanne M. O'Neil
Clara J. O'Neil

Agatha L. Mergenovich, Secretary
October 30, 1980
Page Two

The names and addresses of the parties to the aforementioned documents to be filed are as follows:

(1) Loan Modification and Moratorium Agreement:

(a) Secured Party:

American Security Bank, N.A.
1501 Pennsylvania Avenue, N.W.
Washington, D.C. 20013

(b) Debtor:

Girard Leasing Corporation
3 Girard Plaza
Philadelphia, Pennsylvania 19101

(2) Security Agreements:

(a) Secured Party:

American Security Bank, N.A.
1501 Pennsylvania Avenue, N.W.
Washington, D.C. 20013

(b) Debtor:

Girard Leasing Corporation
3 Girard Plaza
Philadelphia, Pennsylvania 19101

(3) Assignment of Lease agreements:

(a) Assignor:

Girard Leasing Corporation
3 Girard Plaza
Philadelphia, Pennsylvania 19101

(b) Assignee:

American Security Bank, N.A.
1501 Pennsylvania Avenue, N.W.
Washington, D.C. 20013

Agatha L. Mergenovich, Secretary
October 30, 1980
Page Three

The Loan Modification Agreement and Moratorium Agreement modifies the terms of three promissory notes executed in 1978 that were in turn secured by the three aforementioned Security Agreements. The Loan Modification Agreement and Moratorium Agreement and the Security Agreements relate to and create security interests in the following boxcars:

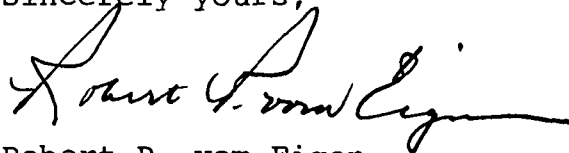
Ninety-four (94) 50'6" 70-ton XM rated box-cars manufactured by Southern Iron and Equipment Co., a Division of Evans Transportation Company, and bearing Road Numbers MNJ 120941 through MNJ 120984; NSL 155100 through NSL 155124; and NSL 155125 through 155149 (each number inclusive).

Pursuant to the Assignment of Lease agreements, the Assignor has assigned to the Assignee the Assignor's right, title and interest in the aforementioned Equipment Lease Agreement and Rental Schedules relating to the same ninety-four boxcars.

Please file and record the Loan Modification and Moratorium Agreement, the Security Agreements, and the Assignment of Lease Agreements cross-indexing them one to the others and to the Equipment Lease Agreement, and indexing said documents under the names of the Secured Party/Assignee, the Debtor/Assignor and the co-lessees under the Equipment Lease Agreement already on file. A check is enclosed for \$110.00 as prescribed pursuant to 49 C.F.R. §1116.3(d).

Please stamp all four copies of the Loan Modification and Moratorium Agreement, the Security Agreements, and the Assignment of Lease agreements, and the attached copies of this transmittal letter with your official recording stamp. You will wish to retain two copies of each of the documents and the original of the transmittal letter for your file. Please return the remaining copies of this transmittal letter and the Loan Modification and Moratorium Agreement, the Security Agreements, and the Assignment of Lease agreements to the bearer of this letter.

Sincerely yours,



Robert P. vom Eigen

RPvE:dn

Encls:

Interstate Commerce Commission
Washington, D.C. 20423

10/30/80

OFFICE OF THE SECRETARY

Robert P. Vom Eigen
Dechert Price & Rhoads
888 17th Street, N.W.
Washington, D.C. 20006

Dear **Sir:**

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **10/30/80** at **12:55pm**, and assigned recordation number(s).

9630-C, 9630-D, 9630-E

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

OCT 30 1980 - 12 55 PM

INTERSTATE COMMERCE COMMISSION

Loan Modification and Moratorium Agreement

This is a LOAN MODIFICATION AND MORATORIUM AGREEMENT dated as of October 17, 1980, by and between AMERICAN SECURITY BANK, N.A., a national banking association with principal offices located at 1501 Pennsylvania Avenue, N.W., Washington, D.C. 20013 ("Lender") and GIRARD LEASING CORPORATION, a Pennsylvania corporation with principal offices located at 3 Girard Plaza, Philadelphia, Pennsylvania 19101 ("Debtor").

Background

A. On August 14, 1978, August 28, 1978, and September 7, 1978, Debtor executed and delivered to Lender Debtor's three promissory notes (the "Notes"), the terms and conditions of which are incorporated herein by this reference, in the original principal amounts of One Million Two Hundred Eighty-Three Thousand Six Hundred Ninety Dollars (\$1,283,690.00), Seven Hundred Sixty Thousand Ninety-Nine Dollars (\$760,099.00), and Seven Hundred Sixty Thousand Ninety-Nine Dollars (\$760,099.00), respectively with principal balances as of the date hereof and since the dates noted below ("Last Payment Dates") of \$1,079,500.33 (February 14, 1980), \$639,217.15 (February 28, 1980) and \$639,217.15 (March 7, 1980), respectively).

B. Each of the Notes is secured by a security agreement and an assignment of lease of even date therewith (said Notes, Security Agreement, and Assignment of Lease being hereinafter called the "Loan Documents") covering in the aggregate ninety-four (94) boxcars and related equipment (the "Equipment") all as defined in the Loan Documents, which were in turn leased by the Debtor to National Railway Utilization Corporation, a South Carolina corporation with principal offices located at 1100 Centre Square East, 1500 Market Street, Philadelphia, Pennsylvania 19102 ("NRUC") and Pickens Railroad Company, a South Carolina corporation with principal offices located at 402 Cedar Rock Street, Pickens, South Carolina 29671 ("PRC") as co-lessees (hereinafter collectively called the "Lessee") pursuant to a lease agreement dated August 8, 1978 supplemented by three separate Equipment Schedules dated as of August 8, 1978, August 21, 1978, and August 31, 1978 (the "Lease"). True and correct copies of the August 14, 1978, August 28, 1978 and September 7, 1978 security agreements are attached hereto and marked as Exhibits "A", "B" and "C", respectively.

C. Lessee's failure to pay rent has caused the Debtor to default under each of the Notes.

D. Debtor has requested the Lender to modify and grant a moratorium as to the payment of principal on the Loan Documents which the Lender is willing to do on the terms and conditions set forth herein.

Terms

NOW THEREFORE, Lender and Debtor intending to be legally bound hereby, for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

1. The terms of repayment of the Notes are hereby modified so that, effective as of the Last Payment Date, each shall be payable interest only on the outstanding principal balance of each Note, at the rate of Ten and One-Quarter Percent (10-1/4%) per annum, payable quarter annually commencing on the 30th day of June, 1980, and continuing on the last day of each third calendar month thereafter until March 31, 1982 (the "Guaranteed Interest Payments") at which time the entire outstanding principal balance of each Note, together with all accrued and unpaid interest owing thereon, and other fees, costs and charges, payable under the Loan Documents and under this Agreement, specifically including Lender's reasonable legal fees incurred in connection with any aspect of this Agreement and the implementation of all transactions contemplated hereby, shall become due and payable in full, in

lawful currency of the United States and in immediately available funds.

2. The May 14, 1980 payment in the sum of \$64,804.26 made by Debtor to Lender after Lessee defaulted in its payment obligations to Debtor shall be allocated to interest due on the \$1,283,690.00 Note. The September 30, 1980 quarterly interest payment shall cover all interest on each of the Notes accrued to that date after application of the May 14, 1980 payment. All future accruals shall be on a quarterly basis as of the last day of every third month thereafter without respect to the payment dates originally set forth in the Notes.

3. Notwithstanding any provision of the Loan Documents to the contrary, and to induce Lender to execute and deliver this Loan Modification and Moratorium Agreement, Debtor is and shall be personally liable for payment of the Guaranteed Interest Payments and for faithful performance of all of its obligations hereunder subject to the limitations set forth herein.

4. To further induce Lender to enter into this Agreement, Debtor covenants and agrees with Lender that Debtor shall:

4.1 Proceed diligently to accomplish surrender of possession of the Equipment by Lessee pursuant to an

Equipment Lease Termination Agreement with Lessee satisfactory to Lender and Debtor.

4.2 Manage, maintain, preserve and, subject to Lender's prior written approval, remarket the Equipment.

4.3 Diligently attempt at all times prior to payment to Lender of all sums due to Lender pursuant to the Loan Documents as modified hereby to secure a substitute lessee or lessees who shall be acceptable to Lender and Debtor, provided, however, that Debtor shall not enter into any lease of the Equipment for a term extending beyond March 31, 1982 without Lender's prior written consent.

4.4 In the event that either or both of NRUC or PRC becomes the subject of a bankruptcy case as hereinafter defined, as soon as possible file and diligently pursue appropriate petitions and documents with the bankruptcy court and take such other action as may be necessary or desirable in that connection to seek to reclaim the Equipment from the jurisdiction of the bankruptcy court and from Lessee free and clear of all claims and rights of Lessee or either of them or any other party. For the purposes of this paragraph, a "bankruptcy case" is defined as including any proceeding regarding NRUC or PRC seeking reorganization, arrangement, composition, adjustment of debts, liquidation or dissolution under the Bankruptcy Code or any similar law of

the United States or any state or other competent jurisdiction, or the filing by Lessee or either of them of a petition or answer seeking or consenting to any of the foregoing, or the entry of an order appointing a receiver or trustee for either of them, or the making by either or both of them of a general assignment for the benefit of creditors.

4.5 In all events, and at all times prior to payment to Lender of all sums due to Lender by Debtor hereunder, to protect and preserve the Equipment in good order and repair, normal wear and tear excepted, provided, however, that Debtor shall not be obligated to protect, preserve or maintain the Equipment in better repair and condition than as identified in the Inspection Reports referred to in paragraph 4.5.3(a) hereof, including but not limited to the following:

4.5.1 See that under any lease, the Equipment shall be used and operated under and in compliance with the laws of the jurisdictions in which the Equipment may be located and operated, the Interchange Rules of the Association of American Railroads, if applicable, and in compliance with all lawful acts, rules, regulations and orders of any judicial, legislative or regulatory body having power to regulate or supervise the use of the Equipment including, but not limited to, the rules and regulations of the United States Department of Transportation and the Interstate Commerce Commission.

4.5.2 Not permit any liens, charges or encumbrances to be placed on or levied against the Equipment other than liens in favor of Lender; procure and maintain in effect all licenses, certificates, permits and other approvals and consents required by federal, state, county, municipal, or foreign laws and regulations in connection with the possession, use, operation and maintenance of the Equipment.

4.5.3 (a) Inspect and prepare a written report (the "Inspection Reports") on the condition of the Equipment upon its recovery from Lessee, (b) maintain the Equipment, including but not limited to the wheels and all other component parts, in good and safe operating order, repair and condition, and in accordance with the requirements of any governmental authority, domestic or foreign, having jurisdiction thereof provided, however, that Debtor shall not be obligated to maintain the Equipment in better repair and condition than as identified in the Inspection Reports, and (c) pay for all fuel, service, inspections, overhauls, replacements, substitutions, materials and labor necessary or desirable for the proper use, repair, operation and maintenance of the Equipment.

4.5.4 (a) Bear all risks of damage to, or loss or destruction of, the Equipment until such Equipment has been returned to Lender pursuant to the provisions

hereof. Except as otherwise herein expressly provided, no such damage to, or loss or destruction of, any Equipment, shall impair any obligation of Debtor to Lender. In the event that any item of Equipment shall become lost, stolen, destroyed or irreparably damaged from any cause whatsoever, or if any item of Equipment or Debtor's title thereto shall be requisitioned or seized by any governmental authority (each such occurrence being hereinafter called a "Casualty Occurrence"), Debtor shall promptly notify Lender in writing of such fact, fully informing Lender of all details with respect thereof.

(b) So long as there is no default then existing under this Agreement or the Loan Documents as modified by this Agreement, any insurance proceeds received as the result of a Casualty Occurrence with respect to an item of Equipment shall be applied in accordance with the following formula:

A. Lender and Debtor shall identify the Note under which the item of Equipment was originally financed and as to said Note determine the principal and interest outstanding and the total number of items of Equipment financed pursuant thereto and still in existence.

B. Lender and Debtor shall determine the principal and interest outstanding under said Note on a railcar unit basis (the "Unit Principal and Interest").

C. The insurance proceeds shall be applied first against Unit Principal in the inverse order of maturity and second to Unit Interest then outstanding.

D. Insurance proceeds remaining after application to and satisfaction of Unit Principal and Interest shall be turned over by Lender to Debtor.

(c) If there is a default then existing under this Agreement acknowledged by Debtor or adjudicated against Debtor through arbitration or judicial process as hereinafter set forth, all such proceeds shall be retained by Lender and shall be applied to other amounts due and to become due by Debtor to Lender in inverse order of maturity.

(d) In the event that an item of Equipment has been damaged, but not irreparably, Debtor shall place the same in good repair, condition and working order. In such event Lender shall release to Debtor the proceeds of any insurance received by Lender as a result of such damage for the purpose of covering the costs of repairing or restoring such item (so long as the total cost of repair or restoration is \$10,000 or less), upon receipt by Lender of evidence, satisfactory to Lender, that such repair or restoration will

be completed, and an invoice therefor. If the cost of repair or restoration exceeds \$10,000, Lender shall release to Debtor the proceeds of any insurance received by Lender as aforesaid upon completion of such repair or restoration and review of an invoice therefor.

4.5.5 Provide from time to time reports identifying the condition and state of repair and status and location of the Equipment. Lender shall have the right at its sole cost and expense, by its authorized representatives upon reasonable notice to Debtor, to inspect the items of Equipment and Debtor's records with respect thereto, at such times as shall be reasonably necessary to confirm to Lender the existence and proper maintenance thereof during the continuance of this Lease.

4.5.6 Maintain at Debtor's sole cost and expense insurance in form and amount satisfactory to Debtor and Lender under which (a) Lender is named as mortgagee under a standard mortgagee clause and (b) Lender's interest as mortgagee can be cancelled only upon receipt by Lender of at least thirty (30) days' written notice from insurer.

5.1 On March 31, 1982 Debtor shall have the option to (a) convert the Notes to a Term Loan as set forth in paragraph 6 hereof or (b) deliver and surrender possession to Lender of (i) the Equipment then in service at such storage

facilities as are designated by Lender; provided, however, that in lieu of delivery as aforesaid (as to any one or more of such Units), Debtor may elect to pay to Lender the sum of \$900 per non-delivered Unit (to defray Lender's Unit movement costs) and deliver to Lender a written list identifying the then current locations of the non-delivered Units, the lessees and where such Units will come out of service, (ii) the Equipment not then in service but which was in service after the effective date of this Agreement, at such storage facilities to which such Equipment was delivered upon coming out of service as long as such facilities were previously approved by Lender; otherwise, to such storage facilities as Lender may designate, and (iii) the Equipment not then in service and which never was in service after the effective date of this Agreement at the storage facilities to which Debtor delivered the Equipment (with Lender's prior written approval) after gaining possession from Lessee, all in good order and condition in all respects, subject to the Inspection Reports identified in paragraph 4.5.3(a) hereof, and, in the cases of (i), (ii) and (iii), above, to be free and clear of all liens and claims for repairs, storage, demurrage, taxes or otherwise, except for the lien of Lender. Debtor may, in its sole discretion, store the Equipment at the third-party storage facilities for the Equipment used by Lessee (except for the

Middletown and New Jersey storage facility). At such time, Debtor shall deliver to Lender a bill of sale in the form attached hereto and marked as Exhibit "D" and Lender shall deliver to Debtor the release in the form attached hereto and marked as Exhibit "E".

5.2 After taking possession of the Equipment, Lender shall dispose of it in a commercially reasonable manner and will apply the proceeds therefrom first to payment of Lender's reasonable costs and expenses in connection with such receipt and disposition, including by way of illustration only, storage, insurance, preparation of the Equipment for sale, legal fees, advertising expenses and sales commissions; second, to payment of the outstanding balance of principal and interest on the Notes (but interest shall cease to accrue on December 31, 1982), and Lender's reasonable costs and expenses (including legal fees) in connection with the negotiation, preparation, and implementation of this Agreement (up to a limit of \$25,000 for such costs and expenses exclusive of costs of receipt and disposition of the Equipment by Lender) and third, the excess, if any, to Debtor.

5.3 The obligations of Debtor set forth in paragraphs 4.1, 4.2, 4.3, 4.5, 4.5.1, 4.5.2, 4.5.3(b) and (c), 4.5.5 and 4.5.6 hereof may be performed on Debtor's behalf by North American Car Corporation or such other railcar manage-

ment firm or consultant satisfactory to Lender and Debtor (the "Manager"), as agent or as an independent contractor. The obligations of Debtor set forth in paragraph 4.5.3(a) shall be performed by the Manager. During the initial term (until September 30, 1981) of Debtor's Management and Re-marketing Agreement with North American Car Corporation, Lender shall not declare the occurrence of an Event of Default on account of Lender's dissatisfaction with the performance of Debtor's obligations by North American Car Corporation in the aforesaid paragraphs 4.1, 4.2, 4.3, 4.5, 4.5.1, 4.5.2, 4.5.3(b) and (c), 4.5.5 and 4.5.6 hereof.

6.1 By written notice delivered by Debtor to Lender not less than thirty (30) days prior to March 31, 1982, Debtor shall have the option to convert the outstanding balance of principal of the Notes, plus Lender's legal fees and legal expenses actually incurred in the negotiation, preparation and implementation of this Agreement (up to a limit of \$25,000 which shall be capitalized), to a term loan (the "Term Loan") payable in forty-eight (48) equal quarterly amortizing payments of principal and interest, interest to be computed at the greater of the rate of interest in effect on March 31, 1982 of (i) Moody's Baa Corporation Ten Year Index, or (ii) Two Percent (2%) per annum above the ten-year United States Treasury Bill rate; provided, however, that interest

shall be reduced by one-quarter of one percent for those periods of time, if any, during the twelve year period when more than 50% of the Equipment on a Unit basis is not subject to lease.

6.2 Debtor shall be personally liable for all obligations under the Term Loan. Debtor shall execute and deliver one or more promissory notes and such other documentation reasonably requested by Lender. Lender shall be secured by one or more security agreements and by an assignment of all leases of the Equipment or any part thereof and in such other manner as Lender may reasonably request. Lender shall, in its sole discretion, consider releasing Debtor from its personal liability under the Term Loan upon presentation of a lease for the Equipment with a creditworthy lessee fully amortizing the Term Loan.

7. The Notes (to be effective up to and including March 31, 1982) and the Term Loan (to become effective after March 31, 1982) shall be prepayable at the option of Debtor at any time without penalty.

8. In the event that Debtor does not fully and promptly (time being of the essence in all respects) perform all of its covenants and obligations hereunder, Lender may declare the occurrence of an "Event of Default" hereunder and, subject to the provisions of paragraphs 9, 10 and 11

hereof, Lender may exercise all rights granted under this Agreement or the Loan Documents as modified by this Agreement including by way of illustration only, the right to recover from Debtor damages (including punitive damages if assessed through arbitration or judicial process) arising from Debtor's failure to perform its covenants and obligations hereunder, Guaranteed Interest Payments then due under the Notes and, if the option under paragraph 6 is exercised, the right to recover all sums due under the Term Loan.

9. In the event that Lender declares the occurrence of an Event of Default under this Agreement, Debtor shall be granted a period of (i) fifteen (15) days from the sending by Lender of a written notice thereof to Debtor (by certified mail, return receipt requested) within which to cure said default if it arises from Debtor's (alleged or actual) failure to pay installments due under the Notes, as modified hereby, or the Term Loan and (ii) thirty (30) days from the sending by Lender of a written notice thereof to Debtor (by certified mail, return receipt requested) within which to cure all other defaults, or such additional time beyond 30 days as may be necessary under the circumstances, in good faith, to cure said non-monetary defaults as long as Debtor shall have in good faith embarked upon the curing of any such

default within said thirty (30) day period and shall diligently thereafter proceed with the curing of same.

10. Whether before or after the exercise of the option referred to in paragraph 6 hereof, in the event that Debtor contests Lender's determination that an Event of Default has occurred, or in the event that Lender and Debtor disagree regarding Debtor's satisfactory curing of a default, such controversy or claim arising out of or relating to this Agreement or the Loan Documents as modified by this Agreement or their breach shall, upon the written demand of Debtor sent to Lender by certified mail, return receipt requested, be settled by arbitration in accordance with the rules of the American Arbitration Association (the "Association") and supplemented as follows:

A. Any demand for arbitration shall contain a statement setting forth the nature of the dispute, the amount involved, if any, and the remedy sought.

B. Any demand for arbitration, if arising from a dispute regarding the occurrence of an Event of Default, shall be filed before the expiration of fifteen (15) calendar days after the applicable cure period has passed. Any demand for arbitration arising from a dispute regarding satisfactory curing of an alleged Event of Default shall be filed within thirty (30) calendar days after Lender sends written notice to Debtor that Debtor's curing was unsatisfactory.

C. Lender shall not take possession of the Equipment until the 15 day or 30 day period, as the case may be, referenced in paragraph 10.B., above, shall have expired.

D. A demand for arbitration shall operate to stay, postpone, and prohibit all rights of Lender to take possession of the Equipment in accordance with this Agreement until the arbitration is completed so long as Debtor proceeds in good faith with the arbitration process.

E. There shall be three arbitrators. Lender and Debtor shall each select one arbitrator and those individuals selected by Lender and Debtor shall select a third arbitrator. If Lender's and Debtor's designees are unable to agree on a third arbitrator, Lender and Debtor shall permit the Association to designate the third arbitrator.

F. The arbitrators shall have authority to assess actual and punitive damages sustained by reason of any breach of this Agreement. Actual damages so assessed shall be limited to the costs to cure any default.

G. The decision of the arbitrators within the scope of the submission shall be final and binding on all parties, and any right to judicial action on any matter subject to arbitration hereunder is hereby waived, if Debtor demands arbitration as provided above (unless otherwise provided by applicable law), except suit to enforce the

arbitration award or in the event that arbitration is not available for any reason.

H. The parties shall bear their own legal fees, and they shall share equally all expenses of the arbitrators, the arbitration, and the Association, but the non-prevailing party (in either arbitration or judicial process) shall reimburse the prevailing party of up to a limit of \$50,000 to defray all or a portion of the prevailing party's legal fees and costs of arbitration and/or cost of enforcement of the arbitrators' award and/or enforcement of the Loan Documents as modified hereby.

11. Notwithstanding any other provision of this Agreement or the Loan Documents as modified by this Agreement to the contrary, the recourse liability of Debtor to Lender is limited as follows:

11.1 If this Agreement is voluntarily terminated in accordance herewith as of March 31, 1982 and no Event of Default then exists, Debtor shall have no recourse liability to pay any fee, cost or expense of any kind or nature to Lender except for any Guaranteed Interest Payment which may then be due.

11.2 If Debtor exercises the option granted to it in paragraph 6 hereof to convert the Notes to the Term Loan, Debtor shall assume on March 31, 1982 recourse liability for

payment of all future principal and interest payments called for under the Term Loan which shall include up to \$25,000 in Lender's counsel fees to be added to the Term Loan principal as hereinbefore provided in paragraph 6.1 hereof and for fulfillment of all of the other provisions of this Agreement and the Loan Documents as modified by this Agreement.

11.3 In the event that there is a declaration of an Event of Default during the term of this Agreement attributable to the failure of Debtor to comply herewith and such default is either acknowledged by or ultimately adjudicated through arbitration or judicial process against Debtor, Debtor shall be liable on a recourse basis for the following in addition to the reimbursement provided for in paragraph 10.H hereof (if applicable to Debtor): (i)(a) interest to March 31, 1982 if the default occurred prior to that date or (b) interest and principal (including the capitalized legal fees and expenses as provided in paragraph 6.1 hereof) through to maturity of the Term Loan if the default occurred after March 31, 1982 and the Term Loan option is exercised, and (ii) the cost to cure the default which had been declared or damages (including actual damages and, if applicable, punitive damages) awarded through arbitration or by a court of competent jurisdiction; and (iii) up to \$25,000 in counsel fees (to reimburse Lender for legal fees incurred in the

negotiation, preparation and implementation of this Agreement) if the default occurred prior to March 31, 1982.

12. No step which Debtor is required to take under this Agreement shall be at Lender's expense. Debtor's obligation to perform all of its express undertakings pursuant to this Agreement are on a recourse basis whether or not the Equipment generates revenues sufficient to reimburse Debtor for the same. To the extent, however, that there are revenues from the use of the Equipment prior to March 31, 1982 in excess of Debtor's out-of-pocket expenses incurred subsequent to the date hereof in performance of its obligations hereunder, including the payment of Guaranteed Interest, all such excess funds up to and including March 31, 1982 shall be applied quarterly, pro rata among each of the Notes, to Debtor's obligation for payment of Guaranteed Interest not yet paid and thereafter, in the inverse order of maturity, to the installments of principal which would have been due under the Notes as originally drafted before modification hereby. After March 31, 1982, should Debtor elect to enter into the Term Loan, all revenues received by Debtor shall be retained by it for its sole account since there shall be recourse against Debtor for performance of the Term Loan in accordance with the terms and conditions set forth herein.

13. The parties shall execute and deliver from time to time such other documents as Lender may reasonably request to implement this Agreement.

14. Except to the extent specifically amended by this Agreement, all of Debtor's representations, obligations and covenants provided for in the Loan Documents, except those that arise from reference therein to Lessee or to Lessee's use of the Equipment, shall continue in full force and effect as though fully restated and incorporated herein by reference and are confirmed as of the date hereof.

Executed the day and year first above written.

AMERICAN SECURITY BANK, N.A.

By Charles E. Lewis
Title: Vice President

GIRARD LEASING CORPORATION

By Richard J. McConnell
Title: President

COMMONWEALTH OF PENNSYLVANIA :
: ss.
COUNTY OF PHILADELPHIA :

On this 29th day of October, 1980 before me personally appeared Richard J. McConnell, to me personally known, who being by me duly sworn, says that he is the President of Girard Leasing Corporation, that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation and, further, that the Security Agreements dated August 14, 1978, August 28, 1978 and September 7, 1978 attached to the foregoing instrument and marked as Exhibits "A", "B" and "C", respectively, were signed on behalf of said corporation as of the dates thereof on behalf of said corporation by authority of its board of directors and were the free act and deed of said corporation.

Diane A. Baxter
Notary Public

[Notarial Seal]

My Commission Expires:

DIANE A. BAXTER, NOTARY PUBLIC
PHILADELPHIA, PHILADELPHIA COUNTY
MY COMMISSION EXPIRES AUG. 31, 1981
Member, Pennsylvania Association of Notaries

DISTRICT OF COLUMBIA : ss.

On this 30^d day of October, 1980 before me personally appeared Charles E. Lewis, to me personally known, who being by me duly sworn, says that he is a Vice President of American Security Bank, N.A., that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation and, further, that the Security Agreements dated August 14, 1978, August 28, 1978 and September 7, 1978 attached to the foregoing instrument and marked as Exhibits "A", "B" and "C", respectively, were signed on behalf of said corporation as of the dates thereof on behalf of said corporation by authority of its board of directors and were the free act and deed of said corporation.

[Notarial Seal]

Ella Kate Davis
Notary Public

My Commission Expires: 1-31-84